

Auditing Procedures Report

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Issued under Public Act 2 of 1968, as amended.

Unit Name	MOORE PUBLIC LIBRARY	County	SANILAC	Type	LIBRARY	MuniCode	76-8-003
Opinion Date-Use Calendar	Jun 3, 2008	Audit Submitted-Use Calendar	Jun 27, 2008	Fiscal Year-Use Drop List	2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 190,460.00
General Fund Expenditure:	\$ 134,944.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 96,665.00
Governmental Activities Long-Term Debt (see instructions):	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	JOE	Last Name	NARTKER	Ten Digit License Number			1101011752
CPA Street Address	47 AUSTIN	City	SANDUSKY	State	MI	Zip Code	48471
CPA Firm Name	BRINING & NARTKER, P.C.	Unit's Street Address	47 AUSTIN	City	SANDUSKY	LU Zip	48471

**MOORE PUBLIC LIBRARY
LEXINGTON, MICHIGAN**

**FINANCIAL REPORT
DECEMBER 31, 2007**

**BRINING & NARTKER, P.C.
Certified Public Accountants**

**MOORE PUBLIC LIBRARY
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BRINING & NARTKER, P.C.

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Moore Public Library
Lexington, Michigan

We have audited the accompanying financial statements of the Moore Public Library, as of December 31, 2007, and for the year then ended as listed in the table of contents. These financial statements are the responsibility of Moore Public Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The District Library has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not a required part of, the basic financial statements.

In our opinion, except for the effects on the financial statements of the omissions described in the preceding paragraph, which results in an incomplete presentation, the financial statements referred to above present fairly, in all material respects, the financial position of Moore Public Library, Lexington, Michigan, as of December 31, 2007, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information, presented on page 16-17, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Brining & Nartker, P.C.".

BRINING & NARTKER, P.C
CERTIFIED PUBLIC ACCOUNTANTS

June 3, 2008

BASIC FINANCIAL STATEMENTS

**MOORE PUBLIC LIBRARY
BALANCE SHEET/STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	General Fund, Modified Accrual Basis	Adjustments (Note 2)	Statement of Net Assets- Full Accrual
ASSETS			
Cash and cash equivalents (Note 1 and 3)	\$ 103,951	\$ -	\$ 103,951
Taxes receivable	157,538	-	157,538
Capital assets, net (Note 4)	-	20,005	20,005
Total Assets	<u>\$ 261,489</u>	<u>\$ 20,005</u>	<u>\$ 281,494</u>
LIABILITIES			
Payroll withholdings	\$ 1,774	\$ -	\$ 1,774
Deferred property taxes	163,050	-	163,050
Total Liabilities	<u>164,824</u>	<u>NONE</u>	<u>164,824</u>
FUND BALANCE/NET ASSETS			
Fund balance:			
Unreserved	96,665	(96,665)	-
Total Fund Balances	<u>96,665</u>	<u>(96,665)</u>	<u>NONE</u>
Total Liabilities and Fund Balances	<u>\$ 261,489</u>	<u>(96,665)</u>	<u>164,824</u>
Net Assets:			
Invested in capital assets		20,005	20,005
Unrestricted		96,665	96,665
Total Net Assets		<u>\$ 116,670</u>	<u>\$ 116,670</u>

The accompanying notes to financial statements are an integral part of this statement.

**MOORE PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Recreation and cultural	<u>\$ 132,965</u>	<u>\$ 1,055</u>	<u>\$ 1,837</u>	<u>\$ (130,073)</u>
General Revenues:				
Property taxes - District				117,187
Property taxes - County				38,119
State aid				4,051
Penal fines				22,176
Investment earnings				2,962
Miscellaneous				3,073
Total general revenues				<u>187,568</u>
Change in net assets				<u>57,495</u>
Net assets - beginning of year				59,175
Net assets - end of year				<u>\$ 116,670</u>

The accompanying notes to financial statements are an integral part of this statement.

**MOORE PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

REVENUES:

Taxes - District	\$ 117,187
Taxes - County	38,119
Penal fines	22,176
State aid	4,051
Interest	2,962
Legacies & bequests	1,707
Book sales	265
Overdue fines	853
Programs fees	300
Miscellaneous	2,508
Video rental	202
Grants	130

TOTAL REVENUES	190,460
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EXPENDITURES:

Books and subscriptions	12,664
Capital Outlay	6,619
Contracted services	1,350
Dues	2,066
Education and transportation	1,022
Insurance	2,752
Internet connection	6,378
Lease - building	1
Miscellaneous	2,176
Needs assessment	14,540
Printing	745
Professional fees	5,753
Program expense	1,551
Repairs	1,428
Supplies	2,936
Tax tribunal	210
Technical support	1,639

(Continued)

EXPENDITURES: (Continued)

Utilities	\$ 6,005
Wages and payroll taxes	65,109
TOTAL EXPENDITURES	<u>134,944</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>55,516</u>
FUND BALANCE - BEGINNING OF YEAR	41,149
FUND BALANCE - END OF YEAR	<u><u>\$ 96,665</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**MOORE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

The Moore Public Library is located on the east edge of Sanilac County, Michigan at 7239 Huron Street, Lexington, Michigan. The original library known as the Charles H. Moore Library opened in the present building on January 17, 1903. The Library provides library services to residents of the Village of Lexington, and Worth Township. The Library is a separate legal entity governed by a seven member appointed board. Effective January 1, 2004 the district library changed its name from Lexington Moore Public Library to Moore Public Library. The district has a calendar year end of December 31st.

The Board is empowered to propose and levy upon approval of the electors a tax for support of the District Library. It may also borrow money and issue bonds pursuant to the District Library Financing Act 265 of 1988. The District Library indemnifies and holds harmless the participating municipalities from all claims and liabilities.

The Moore Public Library became a district library on January 1, 2004. By law, its funding must be established through a local millage request. On May 2, 2006 voters approved a millage request for 6/10 of a mill for 10 years of operation.

The accounting policies of Moore Public Library conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Moore Public Library.

B. Basis of Presentation

The Library's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government.

(Continued)

**MOORE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of net assets presents the financial condition of the governmental activities of the Library at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Library's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Library, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Library.

C. Fund Accounting

The Library uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The statements distinguish between those activities of the Library that are governmental and those that are considered business-type activities. The Library does not currently have any business-type activities.

Governmental Fund

Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the governmental fund according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

(Continued)

**MOORE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

**NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES: (Continued)**

**D. Measurement Focus
Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus.

All assets and all liabilities associated with the operation of the Library are included on the statement of net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenue, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financial sources) and uses (i.e., expenditures and other financial uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Library, available means expected to be received within sixty days after year end.

(Continued)

**MOORE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. Basis of Accounting (Continued)

Nonexchange transactions, in which the Library receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Library must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Library on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the Library's revenue sources are considered both measurable and available at year end.

Expenses/Expenditures:

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, is not recognized in governmental funds.

F. Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

G. Post-employment Benefits

The Library provides no post-employment benefits to past employees.

(Continued)

**MOORE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

H. Budgets and Budgetary Accounting

The Library normally follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Library director submits to the Board a proposed operating budget which includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain comments.
3. Prior to January 1, the budget is legally enacted through board approval.

All budget appropriations lapse at year end. Budgetary amounts reported herein are as originally adopted, or as amended by the Library Board.

Budgets shown in the financial statements are adopted on a basis consistent with GAAP, and consist only of those amounts contained in the formal budget approved and amended by the Library Board. The Library does not utilize encumbrance accounting.

I. Cash and Cash Equivalents

For presentation on the financial statements, investments in cash management pools and investments with an original maturity of three months or less at the time they are purchased by the Library are considered to be cash equivalents.

J. Receivables

Property tax receivables are shown as gross amounts since uncollectible personal property taxes are undeterminable at year end and the County settles for all real property taxes.

Property tax is levied each December 1, on the Taxable Value of the District Library's personal and real property. It is the policy of the Board to recognize revenues from the current property tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for financing library operations.

(Continued)

**MOORE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

K. Investments

Investments with an initial maturity of more than three months are reported as investments.

L. Capital Assets

General capital assets are those assets that result from expenditures in the governmental fund. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$1,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Equipment and Furniture	5 - 10 years
Building Improvements	20 years

M. Deferred revenue

Property taxes levied in 2007 for the 2008 operations are recognized as deferred revenue.

N. Property Taxes:

Properties are assessed as of December 31, and the related property taxes become a lien on December 1st of the following year. These taxes are due on February 15, with the final collection date of February 28, before they are added to the County tax rolls.

(Continued)

**MOORE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

N. Property Taxes: (continued)

The delinquent real property taxes of the District Library are purchased by the County of Sanilac. The County sells tax notes, the proceeds of which are used to pay the District Library for these property taxes. Under both the modified accrual and full accrual basis, the Library's tax revenues are recognized in the year following the December 1st levy date.

The 2007 taxable value of the Library's district is \$199,237,947. The mills levied per \$1,000 of taxable value are as follows:

Library – general operating	.60
Total	<u>.60</u>

On May 2, 2006, the District's constituents passed an operating millage for a period not to exceed 10 years in order to provide operating funds.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The General Fund's fund balance and the net change in fund balance differ from net assets and change in net assets reported in the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the economic focus of the statement of the General Fund balance sheet and statement of revenue, expenditures, and changes in fund balance. The following is a reconciliation of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance - Modified Accrual Basis	\$ 96,665
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund. Capital assets at year end consist of:	
Capital asset cost	\$ 58,794
Capital asset accumulated depreciation	<u>(38,789)</u>
	20,005
Total Net Assets - Full Accrual Basis	<u>\$ 116,670</u>

(Continued)

**MOORE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: (Continued)

Net Change in Fund Balances - Modified Accrual Basis	\$ 55,516
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Total change in net assets reported for governmental activities
in the statement of activities is difference because:

The governmental fund reports capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense.

Current year depreciation expense	(4,051)
Equipment purchases	6,030

Change in Net Assets of Governmental Activities - Full Accrual Basis	<u>\$ 57,495</u>
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NOTE 3 - DEPOSITS AND INVESTMENTS:

Michigan Compiled Laws, Section 129.91(Public Act 20 of 1943, as amended), authorizes a local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Library's deposits are in accordance with statutory authority and the Library has no investments as of December 31, 2007.

Custodial Credit Risk of Bank Deposits

Credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. At December 31, 2007, the Library had \$13,218 of bank deposits (checking, savings, and certificate of deposits) that were uninsured and uncollateralized. The Library believes that due to the dollar amounts of cash deposits and limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Library evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**MOORE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(CONTINUED)**

NOTE 4 – CAPITAL ASSETS:

Capital asset activity of the primary government for the current year was as follows:

	Balance January 1, 2007	Additions	Disposals and Adjustments	Balance December 31, 2007
Capital Assets Being Depreciated				
Equipment and furniture	\$ 47,714	\$ 6,030	\$ -	\$ 53,744
Building improvements	5,050	-	-	5,050
Total Capital Assets Being Depreciated	<u>52,764</u>	<u>6,030</u>	<u>None</u>	<u>58,794</u>
Less Accumulated Depreciation for:				
Equipment and furniture	34,486	3,798	-	38,284
Building improvements	252	253	-	505
Total For Accumulated Depreciation	<u>34,738</u>	<u>4,051</u>	<u>None</u>	<u>38,789</u>
Net Capital Assets Being Depreciated	<u>18,026</u>	<u>1,979</u>	<u>None</u>	<u>20,005</u>
Governmental Activities Total Capital Assets - Net of Depreciation	<u><u>\$ 18,026</u></u>	<u><u>\$ 1,979</u></u>	<u><u>\$ None</u></u>	<u><u>\$ 20,005</u></u>

NOTE 5 - RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Library continues to carry commercial insurance for risks of loss. The district does not provide employee health or life insurance coverage. The district does provide workers compensation insurance coverage.

NOTE 6 – LEASE – BUILDING:

Effective January 1, 2004, the Library District and the Village of Lexington entered into a 10 year lease for the building commonly known as Moore Public Library. The lease requires a \$1 annual payment and in consideration, the District shall provide library service, right to access, and shall be responsible for and pay all costs of using, operating, managing, insuring, repairing, maintaining, and equipping the premises.

REQUIRED SUPPLEMENTARY INFORMATION

**MOORE PUBLIC LIBRARY
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	
REVENUES:				
Taxes - District	\$ 114,000	\$ 117,188	\$ 117,187	\$ (1)
Taxes - County	35,000	38,119	38,119	-
Penal fines	18,000	22,177	22,176	(1)
State aid	3,000	4,052	4,051	(1)
Interest	576	2,800	2,962	162
Legacies & bequests	-	1,707	1,707	-
Book sales	500	300	265	(35)
Overdue fines	500	900	853	(47)
Programs fees	300	300	300	-
Miscellaneous	1,000	5,412	2,508	(2,904)
Video rental	100	202	202	-
Grants	-	-	130	130
TOTAL REVENUES	172,976	193,157	190,460	(2,697)
EXPENDITURES:				
Books and subscriptions	15,000	16,637	12,664	3,973
Contracted services	3,500	2,500	1,350	1,150
Dues	1,875	2,066	2,066	-
Education and transportation	1,500	1,200	1,022	178
Insurance	3,000	2,752	2,752	-
Internet connection	6,600	6,600	6,378	222
Miscellaneous	3,701	7,665	2,177	5,488
Needs assessment	-	17,000	14,540	2,460
Printing	100	800	745	55
Professional fees	7,100	5,800	5,753	47
Program expense	2,500	1,700	1,551	149
Repairs	1,800	1,800	1,428	372
Supplies	2,700	3,400	2,936	464
Tax tribunal	1,000	300	210	90
Technical support	1,100	1,800	1,639	161
Capital outlay - blg. impr.	20,000	100	-	100
Capital outlay - equipment	5,000	8,500	6,619	1,881

(Continued)

	Budgeted Amounts			Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES: (Continued)				
Utilities	\$ 11,500	\$ 7,800	\$ 6,005	\$ 1,795
Wages and payroll taxes	70,000	70,000	65,109	4,891
TOTAL EXPENDITURES	<u>157,976</u>	<u>158,420</u>	<u>134,944</u>	<u>23,476</u>
Excess of Revenues Over Expenditures	<u>15,000</u>	<u>34,737</u>	<u>55,516</u>	<u>20,779</u>
Fund Balance, January 1	41,149	41,149	41,149	-
Fund Balance, December 31	<u><u>\$ 56,149</u></u>	<u><u>\$ 75,886</u></u>	<u><u>\$ 96,665</u></u>	<u><u>\$ 20,779</u></u>

BRINING & NARTKER, P.C.

Certified Public Accountants

DOUGLAS P. BRINING, CPA
JOSEPH H. NARTKER, CPA

MARK W. BRINING, CPA
SARA J. ESSENMACHER, CPA
JOY A. KERR, CPA
EDWARD J. MOORE, CPA

Members of
Michigan Association of
Certified Public Accountants
American Institute of
Certified Public Accountants

June 3, 2008

Moore Public Library
7239 Huron, P.O. Box 189
Lexington, MI 48450

To Members of the Board:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Moore Public Library for the year ended December 31, 2007, and have issued our report thereon dated June 3, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in my engagement letter dated May 2, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 2, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Sanilac District Library are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending December 31, 2007. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 2, 2008.

Management Consultations with other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Moore Public Library
June 3, 2008
Page three

This information is intended solely for the use of the Members of the Board and management of the Moore Public Library and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Brining & Nartker, P.C.".

Brining & Nartker, P.C.
Certified Public Accountants

BRINING & NARTKER, P.C.

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**Board of Trustees
Moore Public Library
Lexington, Michigan**

In planning and performing our audit of the financial statements of the Moore Public Library as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Moore Public Library's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the following deficiency to be a significant deficiency in internal control.

The Library's staff has the ability to record transactions, perform reconciliations, and maintain the general ledger. Generally accepted accounting principles also requires that the Library prepare financial statements including the related notes to the financial statements. As is the case with many small governments, the Library has relied on its independent external auditors to assist in the preparation of the financial statements and notes thereto as part of its external financial reporting process. External auditors cannot, by definition, be considered part of the Library's internal controls over financial reporting. The Library has decided that it is more cost effective and in the best interest of the Library to outsource this task to its external auditors and to carefully review the financial statements and notes thereto prior to approving them and accepting responsibility for their content and presentation.

Board of Trustees
June 3, 2008
Page two

This communication is intended solely for the information and use of management, the Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Brining & Nartker, P.C." in a cursive, flowing script.

Brining & Nartker, P.C.
Certified Public Accountants

June 3, 2008